

**MURRAY CITY MUNICIPAL COUNCIL
BUDGET & FINANCE COMMITTEE
FY 2006-2007 Budget Meeting
April 26, 2006**

The Murray City Municipal Council met as the Budget & Finance on April 26, 2006, in the Murray City Municipal Building, Conference Room # 107, 5025 South State Street, Murray, Utah.

Members in Attendance:

Jeff Dredge	Budget Chairman
Robert D. Robertson	Council Member
Jim Brass	Council Member
Patricia W. Griffiths	Council Member
Krista K. Dunn	Council Member

Others in Attendance:

Daniel C. Snarr	Mayor
Mike Wagstaff,	Mayor's Office
Shannon H. Jacobs	Executive Director
Don Whetzel	Director of Finance
Gary Merrill	General Manager, Power
Blaine Haacke	Power Department
Dick Stauffer	Power Advisory Board
Karma Bentson	Finance
Brent Davidson	Purchasing
Carol Heales	City Recorder
Ron Koller	Treasurer
Frank Nakamura	City Attorney
Brian Brower	City Prosecutor
David Larsen	M.I.S.
Keith Snarr	RDA Community Development

Budget Chairman Dredge called the meeting to order at 9:00 a.m. and welcomed those in attendance.

Mr. Robertson asked that the \$50,000 contribution to the Boys & Girls Club be placed on the Contingency List.

POWER

Director of Finance, Don Whetzel and Gary Merrill, Power Department reviewed the following:

REVENUE

Mr. Merrill said most of the line items are regular sales of energy. Work order revenue goes down from \$1,130,000 in FY-06 down to \$470,000 due to the situation with IHC. They did receive a check this week for roughly \$567,000 from IHC for their percent of estimated cost of the Grandview Substation. The transformer has been ordered and will be received later this year. IHC has been very responsible in getting their money to the City. There are funds in there from prior years under extraordinary revenues for \$500,000 that is dollars that they are bringing forward from this year for the sale of the S0-2 credits from Hunter II.

He said you will see quite extraordinary items in the budget, as far as revenue, use of reserves and as well as the cost of different projects.

Mr. Merrill said that \$500,000, the cost that comes in for purchase power are an O&M expense and so they have to bring in the revenue ahead of the O&M in their budget. It is not actually revenue in terms of the income statement but it is funds from prior years but they need to show it as an offset to the increased costs in the O&M for the Hunter Project costs that will come to Murray. As he has explained in his memos and graphs on the S0-2 credits and the reserve strategy. The mechanism for that may be monthly or quarterly it will be based upon the monthly billings from UAMPS, but this is the first time in his memory that they have ever had funds from prior years coming at the top of the budget rather than down to fund capital projects. Mr. Merrill said there is a purpose for that.

Budget Chairman Dredge asked Mr. Merrill what he expects in revenues from IHC when they come fully on line.

Mr. Merrill said it will be about \$2,000,000 about a 10 percent margin over the cost of power. That is consistent with the rate schedule that they established. There will be about a \$2,000,000 increase in gross revenues when IHC is fully on line. Effectively in January of FY-2007 because they may not be fully open but they will be testing systems and their service contract requires them to be fully hooked up and assigned as Murray Power's customer no later November 1, 2006. Right now all the power is running through their contractors, temporary power service. Even though they won't be fully open they will be Murray's customers. They test their systems, no later than November 1, 2007.

Mr. Whetzel said the next page is the summary of purchase power, basically it can be seen that purchase power from Hunter II, IPP and other sources is \$17.3 million. Then production costs, the bulk of that being the gas turbine costs, is now roughly \$1.7 million which totals \$19.1 million dollars which is probably 60 percent of the power budget, is just power.

Council Member Brass has several questions. If Hunter is going to be under maintenance necessitating the call back for IPP, why is the Hunter number up better than half a million dollars.

Mr. Merrill - Hunter II is subject to environmental up-grades that are going to occur over the next five years because of the cost of the maintenance. Hunter will be operating, they are currently, for instance right now they are down for a major overhaul maintenance in the month of May. Of course that is in this fiscal year. The schedule for future maintenance and up-grades is over the next five years and this additional cost is the collection of the extra funds needed to be in place when the bills come in. That is what that S-02 reserve management will be all about. It offsets the \$500,000.

Council Member Brass asked why maintenance costs are being lumped into the cost of purchase power.

Mr. Merrill - It is the cost of the resource, it isn't Murray Power's maintenance cost, it is the cost of the resource.

Mr. Whetzel said everything we pay to Hunter II would include the cost of coal, the cost of operations, the cost of maintenance everything is lumped into one bill for that project.

Mr. Merrill said the things he is describing are actual capital investments for up-grades and additions for legally mandated environmental requirements.

Ms. Dunn said if the up-grades come during the time that Murray is not calling back does Murray pay for it at that time?

Mr. Merrill said the call back from IPP is separate. The Hunter plant, when the unit is down, there are still fixed costs that Murray still has to pay plus find replacement power. Every plant has down periods. It is a normal set of circumstances rather than a catastrophic unplanned event.

Mr. Brass - Landfill gas. There is a \$1,375,000 in there, as he understands they haven't turned a shovel of dirt on the plant yet.

Mr. Merrill said they will next week.

Mr. Brass asked if it will be up and running before the end of next year.

Mr. Merrill responded, the middle of this July.

Mr. Merrill said Pacific Corp is actually in construction of the line extension and the up-grade of the associated sub-station. He had a conversation with Bill Owens from Land Fill Energy Systems and said they are exchanging information, they have began the process of developing the billing protocol. Everything is moving very quickly but it has been slow getting started because of the Pacific Corp process for feasibility and study that took six months after they were able to give them a go.

Ms. Dunn said the Gas Turbine Operation, is all we have talked about the last year is how we have not used gas turbines. Why do we have \$3 million in there and only a 4.3 for the next year, which is less than half. Where is the \$3 million this year.

Mr. Merrill said for the last several years they have budgeted \$3 million dollars as an essential maximum estimate of dollars. We have not needed that money and it has been offset by higher costs, not higher in dollar per megawatt hour but in total dollars, purchasing off of the UAMPS pool. When we have the option to dispatch economically, like we do, we judge whether it is more economical to run the turbines based upon the gas price or if there is an alternative. So we have not used the full \$3 million for multiple years and they felt that ...

Ms. Dunn asked how much has been used in the past year?

Mr. Merrill said usually around \$1.5 million.

Ms. Dunn said but we said our use of them was way down this past year so it is probably below that. So where is the extra \$2 million.

Mr. Merrill said the remainder is in other purchase power costs.

Ms. Dunn said if we were to have actual from other departments we would have the projected and the actual. If we were to have actual in the power budget where would we show that?

Mr. Merrill said the purchase power costs through the various UAMP projects is 14 percent higher than it was a year ago, year to date.

Mr. Brass asked what the actual dollar amount from other is.

Mr. Merrill said these figures are is year-to-date. They have 12 million dollars spent, year-to-date, through February.

Mr. Brass asked what that includes.

Mr. Merrill said that includes San Juan. We have called back IPP that has the majority of the costs in next fiscal year, even for the summer season. That will take up that extra gap. It is a matter of managing the dollars within the budget under the overall power supply costs and that is why they used to put generation costs in O&M separate. With Blaine Haacke's work on this they have brought it up so that on one page, they are not just talking about purchase power but the total power supply costs, bottom line. That is \$1.5 million dollars higher.

Ms. Dunn said it would be helpful if the Council saw, in the future, just what they budgeted versus what they spent because that doesn't stick out.

Mr. Whetzel said those are in the quarterly financial reports that are provided.

Ms. Dunn said the Council doesn't receive it in that form, she is talking about how it is broken out.

Mr. Merrill said they don't by line item per resource, not against the budget, he said Ms. Dunn is correct. In the income statement they show power supply costs purchase power versus non-purchase power. In fact, he showed a copy of an income statement from March and the purchase power costs are 21.4 percent over budget, for a year to date budget. The gas turbine costs are 57 percent under budget, year-to-date. Overall, the power supply costs are 6.4 percent over budget. It is an ever changing flex. He often thinks, on a home stereo system you see that display of different music tones happening, he relates that to what their purchase power is doing daily, hourly, constantly changing. There is a two-month lag on receiving the billing and when they pay it. There are a lot of factors involved but he feels they are holding the line very well.

Mr. Brass said it might be just as easy to eliminate fiscal year 2011 on the forecast and give us a year-to-date actual as against the current budget.

Mr. Whetzel had that right in front of him and said this is the report provided to the Council, so the Council knows, the UAMPS Power Exchange was budgeted last year for \$1,609,000. Year to date would be through March from his records. They spent \$3,622,744.

Mr. Brass said there is \$2 million right there.

Mr. Whetzel said that is exactly what it is. This budget for purchase power is happening at the gross level. They know during the year there is going to be some overspent and some under expended. That is appropriate to do because the folks down there have the ability to know where to buy it on the open market, too. It is available in the quarterly reports the Council gets. They do have this level on line item by source in that report.

Mr. Merrill said, back to Krista's point about the gas turbines, we are operating the turbines but on a very selective and financially responsible level based upon the price of gas. In the month of March gas, Murray's cost of gas, was \$13.00 per decca therm. Last year, the same month, was \$8.00 a decca therm. The year-to-date average is around \$8.00 per decca therm. They have budgeted in this budget at \$8.00 per decca therm.

Ms. Dunn said if we are only using it as a peaking source, how often do we need to run it other than in July and August?

Mr. Merrill said daily. Each day, depending upon the temperatures and depending on the availability of other resources and their load growth, it is a moving target. Typically they run one or more of the turbines, they also have that flexibility, too, to be able to run one and not have to burn more gas than they need to ramp up the plant. They will run it in May, June, July, August and September. In the winter months, when they are not in peak season, it is available for system

back up and they have used it for that purpose, too.

Ms. Dunn said that May, in particular, they don't have high temperatures and don't run the gas turbines most days.

Mr. Merrill said only on an as needed. Based on the load growth for the day and matching their resources.

Ms. Dunn clarified, only if you don't have enough power.

Mr. Merrill said, and if there are cheaper costs. Fuel drives the costs.

Ms. Dunn said she doesn't how do they make that decision on a daily basis because it takes hours to come up.

Mr. Merrill said, no, they will actually can bring them up in ten minutes but found that was hard on the equipment, so they have established a forty minute protocol for ramp-up of any given turbine. They also have a minimum run of seven megawatts for four hours, so there is a block of twenty eight megawatt hours that they have to decide, is the shortage for seven megawatts for a solid four block or what if their projection of that shortage is for five megawatts for two hours, it might be better to buy a higher cost power than to run the turbines.

Ms. Dunn asked who works on that on a 24-hour basis?

Mr. Merrill said they have a 24-hour dispatch, they communicate with UAMPS in terms of what is the cost, and what is available through the UAMPS pool. They are also pooling together other members resources that are long and they make those available at cost and if there is a shortage in the UAMPS system, then they are buying off the open market and that is where, eventually, you have to go to the open market and that drives the pool prices up. It is a very dynamic atmosphere and it is more than they ever thought it would be, in terms of challenge. He said they are proud of their employees for all that they have done.

Mr. Brass stated that Pacific Corp. has been approved for two large gas line plants. He thinks it is 540 /545 megawatt unit down in Geneva and the Current Creek Plant. He asked what the projection on natural gas prices is when those go on line?

Mr. Merrill said the Rocky Mountain Region has the great advantage of being in a gas rich zone. The addition of those plants will not enhance the shortage of natural gas. There is transportation or pipeline capacity. Also, Geneva used to be a major gas user. The plant at Geneva is fundamentally replacing that demand load. He does not anticipate that will influence their costs. A greater influence on natural gas costs is the Inter-State Pipe Line that has been built to create a demand beyond their region. At the California border they can be paying \$27.00 and if we were paying \$4.00, the question is, where would you sell your gas? So that drives the market price up. For them to pull back gas, they have to compete against the Southern California

demand curve.

Mr. Whetzel called for questions on purchase power.

Mr. Whetzel - **Regular O&M Costs** - The one to mention there is account number 687. If you have any in-lieu-of-tax transfers they went from 2.5 percent to 3.5 percent and that generates another \$300,000 in-lieu-of-tax transfers for the general fund.

Debt Service - is the last two lines high lighted in green, the debt service on the gas turbines and the up-grade are roughly \$2.4 million a year. It is a very heavy amount of money we pay. One thing they want to keep their eye on, too, is the very last line, debt service ratio. They are required by covenants, with the bond company, not to drop below 1.25 percent on that debt service ratio coverage. Mr. Whetzel added they have never dropped below that.

Ms. Dunn said we need to put the in-lieu-of-tax transfer on contingency.

Mr. Merrill said behind the next divider, is a summary history of the **O&M expenses** and before he leaves O&M he would like to point that out and in the far right column you see a five-year differential between 2003 and 2007. The only place where they are higher in their O&M expenses is in the labor costs with benefits 25 percent higher than they were in 2003. **Wages** are only up 6.9 percent since 2003 in terms of actual budgeted O&M. But for materials and expenses they are 9 percent less than they were. Total service is 14 percent less, total O&M non-labor expense 8.4 percent less in the total O&M budget, which even includes purchase power, which is 5.7 percent less in this budget than it was in 2003.

Mr. Whetzel said the page, before the green divider, they show a summary of their capital items and could probably put that, if you prefer, as a new item on there and they wanted to mention it is the extraordinary capital projects.

Transmission is \$570,000. The substations are \$4,400,000. Again, the transformers are as of this November and they are using roughly \$4 million of bond proceeds to pay for those extraordinary capital projects. Mr. Merrill likes to go off the bottom line as far as what he will have in total reserves at the end of the year. Right now, he is estimating they will have about \$545,000 in debt reserves increase by the end of fiscal year.

Mr. Whetzel added, unless you want to go through each one of those O&M line items which are distributed based upon where the alignment and everybody else that was working that day over to the very next green tab which has a vertical fold out on it. This gives a break down of the capital projects that Mr. Merrill has proposed and the Mayor has approved.

Extraordinary Capital

Mr. Whetzel said the very first sub-section is extraordinary capital, again, they have the transmission up-grade, the bulk of that is finished. There is roughly \$600,000 left to pay for

bringing the system from 46 KV up to 138 KV and then the biggest portion, again, for next year is the sub-station portion for a little over \$4 million. So the total extraordinary for next year is \$5,125,000. A lot of that will be paid for by bond proceeds the \$567,000 they got from IHC this week will also go towards paying those costs particularly the transformer. The transformer, he believes, is about \$900,000 that is going into the Grandview Station. IHC is paying about one-third the cost for that transformer and associated costs of creating that sub-station. They are paying their full-fair share of the capacity they expect to be dedicated to their system.

Mr. Dredge asked if the extraordinary contingency, is the bond impact fee?

Mr. Merrill said actually, within the bonding, they had \$600,000 in contingency dollars and they tried to spread that over the life of the three year project. It is a good thing they did that because there have been extraordinary shifts in costs. They are budgeting it as a spread of those contingency dollars.

Mr. Whetzel said they will be used one way or another probably by the end of fiscal 07. Construction costs are going up rapidly.

Ordinary Capital Projects -

Mr. Whetzel said those shown in the first section, distribution, are normal ones. There is some new construction - \$220,000. They plan to service the replacements of the normal ones that are \$50,000. The power transformers are all normal. There are (3) Southwood projects to do, overhead and underground that are \$50,000 each.

Mr. Merrill said if you go up to the new construction plant and service replacements, those two add up to \$470,000 and they link to the work order revenue that is upping the revenue stream at \$470,000. When they take in line extension fees they are bound and committed to perform that work. They have that linkage going on too. Even though it is upping the revenue picture it really jumps over O&M costs and goes straight into these line items by philosophy and by legal commitment.

Mr. Whetzel said they have carry over projects from last year which include vehicle carry overs of \$200,000 and gives a total of \$870,000 of distribution sub-totals.

Mr. Merrill pointed out this last year they took a very conservative approach to managing their cash flow. This is a tremendous tool of watching their net operating revenue because that is what can pay for capital and they have designed a model to track that and if you just look at the purple bars on the bottom of this graph you can see that they dip in the winter months so because of that dip they held off on several of the vehicle purchases. One of them is \$140,000 and will deliver in February. They felt confident that the money would be there, but after ordering the truck they found that the delivery would not occur until September. Historically, their carryover budget has been about \$60,000. This next year it is an additional \$140,000 to pay for the truck that is already ordered. That was not explained in the summary in the back of the book.

Mr. Brass - **Pole replacement** asked why they wouldn't inventory the poles and then budget for next year.

Mr. Merrill said this year they hired Osmo's pole inspection company to do an independent inspection on a sampling of their poles. They had them sample 200 poles, 10 percent of those poles popped up and the majority of those are in this area. They do not want to pay Osmos for every pole in that area but they wanted to do a sampling, which they did and that is why they are budgeting for this. They are utilizing that mechanism to substantiate their own knowledge of the system and its aging and where they need to put their dollars. They are right in line with what is being talked about. They have gone out and looked at the poles and had them independently reviewed for age and extended life.

Mr. Brass asked, what the underground cable replacement policy is. Do you replace it after it has failed, after it has failed a number of times or because the wording in that was polyethylene has a (25) year life and so they budget based on that replacement. His question is, all equipment has a life but it is also based on how it is loaded. Some notoriously bad products can last forever. If you are only loading them at 10 percent, including cables, do they replace them after they have failed a certain number of times or do you have a failure, pull it out and put a new one in.

Mr. Merrill said it depends upon the failure itself. They are not going to just condemn a particular underground system based upon a given failure. If there is a series of failures certainly they will repair it and they will have to have the budget to make the decision at the time for replacement. One of the things they have been working on the last couple of years is cable that was installed 20-25 years ago with a concentric neutral, no jacket. They began to see failures and also great difficulty in repairing under outage conditions because this concentric neutral would bind up when they tried to pull out the cable. Then you have to dig it up and so they took proactive effort to identify where that cable was and they have been working through sub-divisions. They are just completing Murray Oaks with replacement of that concentric neutral. They have tried to take the oldest first and get rid of them before they are under outage conditions.

Mr. Brass asked if they have seen any loss of neutral on their own jacket. It brought it to their attention. On Lester Street there is a large apartment complex, Briar, right off State Street. Mr. Merrill said a couple of years ago they had problems with voltage and stray voltage and when they started looking into it, it really highlighted that this was the problem. They looked beyond that problem and said where else will we find this cable and began knocking them off and they have reported that out to the Power Board for several years now as they progress.

Mr. Brass said he would view that type of work as preventing potential legal issues.

Mr. Merrill said legal and also lost revenue during outages, as well as safety and inconvenience of customers. It is that reliability factor.

Mr. Brass asked this question yesterday, what is the vehicle replacement policy for the

power department?

Mr. Merrill said they place the vehicle into a year of anticipated replacement based upon a ten year cycle. Then as those vehicles come up they evaluate maintenance, condition, technology of the equipment relative to improvements in that line of equipment and make that judgement rather to shift it one or more years or to include it in the budget year. When they had a very tight budget and had a rate increase they shifted several vehicles into outlying years and that tends to catch up on you. They rectified that back log, so to speak.

Now they are working with the vehicles that are ten to twelve years old. If they wear out or fail to perform in a short period of time they will adjust that too. They can be planning on another vehicle, move it to another year to make room to take care of a shorter life vehicle that is costing too much to maintain or is not performing in a safe manner. The line truck and their largest bucket truck were both purchased with bond funds which were approved because they have a twenty year life and that is appropriate with the life of the bonds. It was a tremendous way to tool-up for what they were undertaking. Not only in installing but the maintenance of that transmission system.

Ms. Dunn asked how often they use a big truck like that?

Mr. Merrill said daily because they are in a three year construction mode they are using it all the time. There is a mutual aid agreement which they brought to the Council, people are aware that Murray City has those two trucks and Bountiful approached Mr. Merrill and asked, if Murray would be willing to lease that to them when they do a transmission. Mr. Merrill said they would work through the mutual aid, which defines cost recovery, but they also don't want it committed somewhere that they may not have access to it, should they need it. They do try to find ways to share costs with other UAMP members. Right now it is here for Murray's purposes.

Mr. Whetzel said it also should be noted, that when they purchased both the big bucket truck and the digger they look at what it would cost to rent those two vehicles for three years, for their construction phase, and found it was cheaper to buy them than it was to rent them and they will also have them for twenty years. At about a total of \$400,000 savings.

Mr. Merrill said, to Ken White's credit, he really worked that system to make sure that Murray got the best deal, not only purchase vs. lease, but in making certain the equipment is really needed.

Mr. Dredge is curious, whether or not the decision to buy the hybrid vehicle is quantitative or a qualitative decision.

Mr. Merrill said both. Qualitative because it is a positive PR value for not only the department but the City. They have demonstrated the new technology to our citizenry and wanted to provide that we were setting a good example where we could. Quantitatively it has proven itself out in both in-town driving as well as highway driving for about three times the miles per

gallon compared to a similar size vehicle. You pay a little bit higher premium to get the hybrid technology. He said, have I done an intensive life of cost recovery, no he has not but he has had confidence that from the demonstrated use combined with the positive PR associated with setting that example that has been a good investment.

Mr. Dredge asked, is it quantitatively or qualitatively, if it makes sense then why are we not doing it city-wide setting a good example and saving money.

Mr. Merrill said he and Doug Hill, Public Services Director, met with the Mayor a couple of weeks ago and proposed to the Mayor that there be a policy that basically says the default is an alternative fueled vehicle unless you can defend a need to not go there. If your need for function doesn't allow you to find that alternative fueled vehicle, defend not going alternative. The Mayor mentioned in his budget presentation that he was going to issue an executive order to that effect.

Mr. Merrill - they both support that in that it removes the tendency for preference just for the old tried and true, so to speak. Shape, color, whatever. We would like you to look at this in the citywide fleet and where ever possible, either natural gas or hybrid vehicle depending upon the function. They are moving in that direction.

Mr. Brass asked, have you ever seen a power department vehicle running on natural gas?

Mr. Merrill said actually he does, he doesn't think that is a bad form at all. Also, a diesel is approaching a viable alternative to just straight diesel for their big trucks. There are some conversion issues with that and they have to look at the cost but he thinks natural gas is certainly feasible, they have a natural gas refueling station already in place. It is nice to have an electric hybrid vehicle to talk about some of the issues with electric utility.

Ms. Dunn expressed her concern that we are keeping cars maybe ten years and paying \$10,000 more for a small car and her question is, do they save that amount of money over time.? These hybrids are small cars and, for example, she looked at a hybrid car and for \$12,000 more it didn't make any sense to her to buy that vs. her Toyota Corolla that gets 35 miles per gallon. Back to Mr. Dredge's question, on the quantitative maybe we would be better off with costs \$10,000-\$12,000 less a car and get something that gets really good gas mileage.

Mr. Merrill said first of all it isn't just the gas mileage it is the emissions and a hybrid Murray has are at the very top of the lowest emissions rating and they are contributing to the quality of life in that small way, as well.

Ms. Dunn does not disagree with that thinking at all.

Mr. Merrill said they have not seen a \$10,000 differential compared to the vehicle that would have been purchased. Originally Mr. Merrill was driving a Crown Victoria.

Ms. Dunn said, that is her point.

Mr. Merrill said even a Ford Taurus, as an example of a mid-sized car, the Toyota Preas' comfortably seats (5) people. It is a multi functional vehicle.

Mr. Merrill said it has a hatchback capability and they have actually placed one where instead of a van they have a mini/mini van with that hatch back and seat that lays down.

Ms. Dunn - the point is they can go to smaller cars that gets good gas mileage, that are hatch backs, that are \$10,000 less to purchase, if that were the policy.

Mr. Brass said his daughter purchased a Toyoto Preas and she bought it because of the environmental concerns and at the time he does not recall the Toyoto version of the exact vehicle in a hybrid. You could feel the difference in the front end but essentially the exact same car, which would seat the same number of people, and is \$10,000 less to purchase. He has read the reports where you would be very hard pressed to save enough money on fuel to pay the difference. So what you are using for justification is the feel good side of it. Mr. Brass said that his daughter found when you are lugging around a 100 pound battery in your trunk your tires wear out faster. She had other maintenance issues, having owned this car for a long period of time, is beginning to make her question whether she would purchase another one. She liked the car but when you look at the total cost of ownership plus the added price of the vehicle it may not be a sweet deal other than you feel good about it environmental issues. With \$1.5 million shortfall in our sales tax budget, sometimes feeling good about things may not be the best choice this year.

Mr. Dredge quite frankly wonders if the constituents, rather than seeing a good example see a car that costs \$10,000 more. That is his concern.

Mr. Merrill does not challenge the concern, he has had many concerns, as well, and he says this legitimately. He has heard many comments about the smaller car that the citizens appreciate the effort to go to a smaller car. He has those who ask, in his neighborhood in particular, about the mileage holding up? He has given test drives, he has done all sorts of things to try to demonstrate the technology, you could say. As a city-wide policy, they will work at the direction of the Council and the Mayor. He felt like it was a good way to go. They have had four plus years of hybrid use. They have not had the tire problem. It has been a better alternative than a van or a larger car. If the Council is not comfortable with their continued effort to bring hybrid technology he recognizes their right to their decision.

Ms. Dunn - this is not against the power department it is just talking philosophy.

Mr. Dredge - brought this up because Mr. Merrill has set the standard for a city-wide policy.

Mr. Brass - said natural gas has been around along time and may not cost as much money, you can put it on a standard vehicle, it allows you to have the choice of running off two fuel sources. Murray has a natural gas filling station that is a major savings, obviously in the cost of fuel for natural gas versus any type of other fuel. He likes the bio diesel concept and said the

Council gets comments on saving \$10,000

Mr. Merrill - there is also a move toward plugin hybrids and utilizing the electric grid in the future for fueling the first 20-30 miles of each days transportation and that can account for 50-60 percent of all miles driven. There are national security issues that work into, relative to our reliance on foreign oil and it gets big real quick. Whether that is going to happen or not they are not sure but being familiar with hybrid technology it places them in a position to understand those potentials.

Mr. Dredge is not familiar with the buildings at the power department, but again, he is looking at the fact that we had a significant shortfall and asked is it absolutely necessary that you do the remodel on the power building at a cost of \$150,000 this year or is that something that can be put off until things are a little more stable.

Mr. Merrill said they have delayed that for two years the funding for that is through their rate structure and they are showing the capability to fund that. The essential nature of it is that they have a group of (7) employees working out of a room that was originally a conference room and they displaced them to upgrade their metering workshop and office area that was long overdue. We originally budgeted for this work two years ago. When they saw that they didn't have sufficient dollars budgeted, he met with the Mayor and decided not to try to push it into last years' budget. The Mayor committed to him that he would support them re-budgeting it, now two years later than when they first identified it as a need. They believe that it is a valuable and essential investment in their building.

Mr. Dredge said, last but not least, but one of the questions they have had as a Council is that they are concerned that the Power Department is carrying too much inventory in stock on site. They are concerned that obsolescence occurs, that damage occurs when exposed to the elements over a long period of time, and with distributors close at hand where agreements could be put in place to stock replacement parts in a short period of time. The Council is wondering if the way to free up some cash is to reduce the inventory.

Mr. Dredge - looks at inventory as cash setting on the shelf.

Mr. Merrill said to free up cash for the general fund means to increase the in-lieu-of-tax transfer. What he has tried to demonstrate with this budget proposal is to show a path to increase the in-lieu-of-tax transfer without diminishing the function, progress and the success of the power enterprise. There are certainly places that they could reduce inventory. The inventory they have is a matter of using it down. It isn't going to be an immediate release of cash and much of the inventory they currently have is associated with the transmission. We bring it in, we hold it, we build it and they still have a year and one-half to go and then the inventory will naturally drop. They were at about \$800,000 in inventory three years ago. Currently, they are at \$1.5 million as of last June. That ebbs and flows, depending upon the lead time on the orders and the projects that are already committed to do. He certainly agrees with them that perhaps they could investigate ways to raise their minimums so that they are not ordering replacement inventory as

rapidly and look for ways to have these availability agreements in place. The current inventory is being pushed by their transmission project.

Mr. Dredge asked if we have inventory that is becoming obsolete, do we have inventory that is becoming damaged because it is being moved around to get to the other inventory?

Mr. Merrill replied they budget in the O&M budget for an obsolescence, and he would have to find that but it is about \$4,500 for obsolescence. Last year their net adjustment was in the hundreds of dollars relative to their net physical count adjustment. They conducted a physical count because they had a change in supervision and they wanted the new supervisor to have a fresh slate to work from but a tribute to their former materials supervisor and the entering staff they had a very small adjustment in the order of hundreds of (1) percent. They manage the inventory yard to protect the equipment and make sure it does not get damaged in storage. They try to move the equipment through oldest use first. Occasionally they had some ninety foot poles, for instance before they undertook this transmission project, they had been holding those waiting for replacement and they found that several of those were not usable in the current project. They had to obsolete them or, in fact, cut them down and use them in a smaller pole application. They always look for ways to salvage, they salvage metals and that money comes back in as miscellaneous revenue.

Mr. Dredge said his feeling is that he would like to see a policy that leans toward local distributors that guarantee in stock at a certain volume.

Mr. Merrill said part of it is lead-time they have to have a certain stock of transformers and conductors, on site, to respond to these underground and overhead outage circumstances. When they order transformers, there is sometimes a forty week lead time. He said you don't always have your distributors available for that kind of stock.

Mr. Dredge said he is certain there are exceptions to every rule. What he is personally saying is, as a general rule, the more efficiently that we can run the department, not meaning to say the department is not run efficiently, but the goal is to provide reliable power but it is also to provide a revenue source for the general fund.

Mr. Brass said there are long lead time items that no local distributor would stock because of the nature of the item, it is either too big, they don't have enough call for it when for us it may be a critical item. A standard distribution transformer, for instance, he would think could be found within (2) miles from here.

Mr. Merrill said the other issue is, the mutual aid agreement. We often have calls and have occasionally placed calls for something a supplier can't get us immediately but another utility may have it in stock and we can buy it from them or replace it as soon as the replacement comes in. He said he appreciated Council input and will take it as a challenge and report back to the Power Board and the Council on their efforts to improve their inventory methodologies and policies.

Ms. Griffiths added to what Mr. Dredge said about the remodel. The word is out in the community and so it has come to her and she would like to put that on contingency.

Ms. Dunn - would like this on Miscellaneous Capital Contingency.

Mr. Whetzel - \$595,000.

Mr. Merrill - wanted to make sure he understood the request. He said there are some very essential items in that account.

Ms. Dunn said she is not saying to get rid of it, it is on contingency and they will talk about it again.

Mr. Merrill said the **SCADA replacement** is essential and we are seven years into the current equipment. The software and the hardware are obsolete, we have just talked about rapid obsolescence in that area and that is a critical part of their operation. He would certainly prioritize the SCADA system.

The inventory roof they have gotten (5) years longer than the warranty on the roofing material and they have budgeted this in a number of years and then held off deciding not to do it and they felt like this is the year they are going to have to replace that roof.

Fire protection they have gone without fire protection in the main office but they have prepared for it by sizing the fire system that is in the garage space to be able to handle that additional section of the building and they all know how devastating that was down in the Park's Department, not to put in a fire protection system. The office shops & yards are a standard, as needed, contingency budget that they don't spend just to spend it. They always have things come up that requires some capital dollars.

The street lighting on the pedestal lights is something that is increasingly becoming a public relation's challenge. They have whole neighborhoods who have this whole street lighting system that is very expensive to rectify but they need that. If he was asked to prioritize anything he would put the remodel at the bottom of the priority list. The others we haven't just put in here as a wish list, they are important improvements in their system.

Mr. Whetzel said that pretty well wraps up Power unless there are other questions.

Budget Chairman Dredge thanked Gary Merrill for the information which is very complex.

Recessed at 10:10 a.m.

Reconvened at 10:30 a.m.

FIRE DEPARTMENT

Mr. Whetzel reviewed the Fire Department **Administration** that is basically a status quo budget. Last year the City Attorney indicated that the Battalion Chiefs were over. They budgeted \$29,300. The actual cost was lower than that, so they lowered that this year to \$12,200 and hope that will take care of it. The actual total budget decreased slightly from last fiscal year in Administration.

Fire Suppression - 1. The permanent employees include two additional fire fighters/paramedics. That were mentioned in the Mayor's budget address. On the Personnel level the Chief has requested a large amount of additional overtime both in suppression and also in paramedics. The overtime is due to the necessity of having the Satellite Station over on the east side. He understands from the Chief that we have a possibility of renting a house over there and could put a garage on it and put communications in. They are moving forward with that and will do the garage and the communications once the budget is approved.. He can find some money for the rental of the building for the next few months.

Mr. Whetzel - asked the Chief to explain the necessity for the overtime.

Chief Rodriquez said their minimum staffing is (12) people and you can see what that has done to the present overtime budget. Trying to keep staff at that minimum by putting in the satellite station and putting two paramedics on the east side their minimum staffing has to be at (14). He reminded the Council of a presentation he made on trying to make it cheaper than what they were being charged by the fire authority. They have looked at everything and it is cheaper than what they are being charged by the fire authority. It is cheaper to hire two people than to bring people back on overtime. That is why, presently, their shifts are at (14), (14) and (15). Bringing on two people would make them consistently (15), (15), and (15). They would only have to cover overtime when they drop below (14).

Mr. Dredge **additional employees.**

Chief Rodriquez said right now they will only let (3) people off on **vacation** at a time. They have approximately (1/3) of the department who have twenty years of service and to give everyone vacation is very difficult. It is a frustration because they only allow three people to go on vacation at a time. Those with low seniority have to take what they can get.

Ms. Dunn said you traditionally go over budget on **overtime**, she asked the Chief how far they go over budget historically.

Chief Rodriquez said at 75 percent we are probably at 98 percent but this is also the quite time of the year. We haven't hit June and looking at the overall budget they held back on a lot of things because their goal is to make their overall budget come in where it should be. The overtime and apparatus are the big ones they have no control over. That tends to be very frustrating.

Ms. Dunn asked what the total cost of running the satellite station next year will be

including employees, overtime, rental equipment, etc.

Mr. Whetzel responded \$100,000.

Chief Rodriquez said two employees plus the overtime. They got the house for \$1,000 plus utilities. They budgeted for \$4,000. Some of the things they will need to do is to put in a garage, because they could not find a house big enough for \$2,000 with a garage. The overtime roughly \$85,000 plus the employees which is around \$200,000 total. They looked everywhere, Ms. Dunn said they have done a good job and this is less than the \$300,000 Unified Fire charges.

Mr. Whetzel - some of the items that were increased:

21-51 - Fuel - \$27,000 to \$35,000

21-74 - Utilities - Natural gas costs up \$2,000.

21-90 - Small equipment - replace turnout gear & computers \$66,300.

31-18 - VECC Dispatch - \$7,000 over last year.

55-10 - Lease - rental & utilities for Satellite Station - increased from \$91,000 to a \$115,000 reflects the cost of the rental of the house plus utilities over the a next year to year-and-one-half

71-10 - Land - \$1,000,000 to purchase land for both stations needing one. Stations 82 and 83

72-10 - Building - \$1,535,000 is the estimated construction costs of building a new station 82 further south-east than its current location.

A Major item on suppression is the equipment Webs & Master construction they anticipate getting about \$90,000 on a grant next year and that is a reduction from the \$200,000 they budgeted this year.

Mr. Whetzel asked if the Council is desirous of taking the \$1.5 million for the building out of the fund balance?

Ms. Dunn said lets put both the land and the building on the contingency list, for now, so they can discuss that.

Paramedics Services - Mr. Whetzel said this is basically a status quo budget and again you need to realize, that as fire fighters come up the line and they get their paramedics certification they shift over to the paramedic budget and shift between those budgets during the year so these figures are where they stood as of January/February 1, when they put the original budgets together. The increase in this budget is

21-90 - Small Equipment - \$9,200 for a defibrillator.

45-32 - medical supplies was in suppression and it was moved to paramedics as more appropriate. Has gone up by \$2,000 because the disposal supplies they have are being used at a more rapid rate.

Paramedics are status quo with the number of people they have in there.

Mr. Brass asked if item # 21-90 is automatic?

Chief Rodriquez - two of the defibs are at the recommended level the other one is an upgrade to that level.

Ms. Griffiths said the jump in overtime is huge.

Chief Rodriquez - to bring someone back on over-time is costly time and one-half is 24-hours. That is why he hired two people is because you can save almost half.

When they have the stations up and running they will go back to the minimum staffing of (12) people.

Mr. Dredge said, do you perceive it slowing down.

Ms. Griffiths said the fuel costs go up with every department due to the price of gasoline. She asked what the policy on employees driving City cars to and from work is, do they have to pay for the gasoline to commute.

Mayor Snarr said the ones on 24-hour call provide good coverage to our citizens to address water line breaks, sewer issues, transportation helps provide good coverage to the citizens. The policemen have the cars and the City pays for the fuel that is the way it is because they protect people on an on-call basis. The power department is on call and sometimes they are out driving around as the police are and can respond instantly.

Ms. Dunn said a lot of cities have gone to a policy of how far away people with City vehicles can live from the City and still have complete free usage of fuel. We may want to look at that at some point. So many miles away you pay so much for your fuel. Most of the take-home vehicles are provided by people working in the Western part of the United States you don't see that much in the east. Most of them have looked at going to a fee for a take-home vehicle if they live outside of the City.

Mayor Snarr said what is the furthest distance our Battalion Chiefs live outside of Murray City.

Ms. Griffiths asked if the officers are allowed to take their vehicle on vacation?

Chief Rodriquez said the policy is, they can't leave the County without prior permission unless it is for business.

Ms. Griffiths - has citizens approach her saying they have seen Murray City Vehicles at Disney Land.

Mr. Whetzel said it is cheaper to fly than to authorize vehicle use for a seminar out of State.

Ms. Griffiths worked in the private sector and they kept track of their mileage and were reimbursed in that way.

Chief Rodriquez - thanked the Council.

MAYOR

Mr. Whetzel said this is a status quo budget.

Some line items were shifted from 21-90 - Small Equipment which was \$4,000 last year to \$2,000 this year and shifted that to Valley Television which went from \$500.00 to \$2,500. Other than that the budget was status quo.

HUMAN RESOURCES

Mr. Whetzel said the one change is line item # 21-20 - Public Notices which has gone from \$5,200 to \$10,000 because the Newspaper Agency Corp has raised their rates dramatically to pay for a new printing press out in West Valley. He said they do have to advertise for employees, so that is a necessary expense.

Mr. Whittle said the budget is status quo it is the other issues that concern him as far as the benefits and insurance that are high. He provided a packet of information that they also presented to the Department Division Heads, then to the Employee's Association and to the Mayor's Office. He offered to answer questions.

Mr. Dredge expressed his appreciation for the efforts to mitigate that making it fair.

Mr. Whittle thinks the flat dollar will work out well. The 21 percent increase was based on the utilization that is called, the loss ratio. He reviewed the numbers. The loss ratio is the ratio between paid claims and paid premiums. If you go above 100 the insurance company is losing money, your claims are more than what your premiums are. For the year of 2005, Preferred Care which is their most expensive, the loss ratio was 157.9. Advantage was 110.97. Summit Care was 113.87 with a combined overall of 121, as of December 2005. He just received updated numbers which include paid claims from March 05 through the end of February 06 and those numbers have gone down with a combined of 121.29 which is now down to 104.8. That is a good trend, if that continues next year the rate increases should be significantly less than what they were this year. We had a tough year and had a lot of people in the hospital this year. Every company, wherever you are will hit those bad years.

Mr. Robertson said the older our employee base gets the more that increases.

Mr. Whittle - two of those expenses they had were premie babies and they are the most very expensive medical claim there is.

Mr. Whittle - distributed some updated handouts including the Employee Association issues Bereavement Leave, and Bonus survey. The last time he surveyed the bonus was in 1998 and it is interesting the number of entities that are providing some type of a bonus, more so than they did (2) years ago.

Mr. Robertson said West Jordan City gave a bonus last year.

Mr. Dredge said he likes what Provo City does, a bonus based on staying within the budget. There is some incentive there.

Mr. Robertson - said he prefers that it be shared among the employees, not just the department heads. How much was saved by changing the bonus.

Mr. Whittle said approximately \$65,000 by going from \$600.00 to \$200.00 redline bonus.

Ms. Griffiths - they disputed that.

Mr. Whetzel - said they didn't dispute the numbers they disputed the concept.

Ms. Dunn said where it is on the General Fund versus the Enterprise Fund, many of them were from the Enterprise Fund.

CITY RECORDER

Mr. Whetzel - the budget itself, no major changes.

Purchasing - Item 21-20 - Public Notices - increased from \$9,000 to \$11,000 because the advertising costs increased at Newspaper Agency Corp. Other than that it is a status quo budget. Business Licenses and Elections - are status quo. Elections will impact next years budget.

Mr. Whetzel - Public Building - there are minor changes in the maintenance of the buildings under Line Item # 21-60 increased from \$60,000 to \$65,000. Also the Utilities - Line Item # 21-72 was increased by \$2,000 due to natural gas costs. Other than that it is pretty well a status quo budget.

Ms. Dunn said Ms. Heales made comment earlier that if the employees would like to sit in on the Council's presentation that was done last night, she feels it would be good for the employees to hear. Not as a requirement, but if they could do one where they invited employees, she thinks that would be of value.

Mr. Robertson agreed, if they could attend one where they were present and they could hear citizen comments in the budget process that would be good.

FINANCE

Mr. Whetzel - **Permanent Employees** are down by about \$60,000. They eliminated one Accounting Tech because of the ability to use their computers more efficiently. They have not replaced that position and when Mr. Colburn retired in March they did not replace the Senior Accountant Position. Mr. Whetzel has taken the responsibility of supervising their two accountants and one accounting technician.

Temporary Employees - Item # 11-20 - went up \$2,000 to \$10,000. They will bring Mr. Colburn, a retired employee, back in July and August to help close out the books. To give our new accountant some experience in that area and also Mr. Whetzel may be coming back, as needed after his retireent. There are no significant changes in that budget.

Mr. Whetzel - The **Customer Account** Budget, which Karma Bentson is responsible for. Changes in that one item # 21-42- **Postage** - stamps went up two-cents per stamp three or four months ago. Postage was increased from \$90,000 to \$95,000.

21-90 **Small Equipment** - They use a hand held computer for the current meter readers out of Itron, and they are no longer supporting the current hand held meter so they are replacing two of those this year at \$5,000 a piece. They will request the other three in next years budget. That way they will be maintained and serviced by the Itron folks out of the State of Washington.

Item 31-14 - **Non-Departmental - Consultants Line** - they assumed they could drop this from \$70,000 down to \$30,000. The City Attorney approached the Mayor in the March time frame to indicate he wanted to re-codify the City Code books and bring everything into one chapter. For example, everything in Planning & Zoning is in one chapter and everything on buyers is in one chapter.

Ms. Dunn said that was precipitated by the Council's request for the property maintenance.

Mr. Whetzel said that is why consultants are still up there, he told the City Attorney it was a city wide project that would benefit the entire city and would be paid out of non-departmental. Other than that non-departmental is status quo at this point in time.

Mr. Whetzel said as an observation, he went through and did some rough numbers and if the Council were to choose to increase the in-lieu-of-tax transfers in the power department from 3.5 percent to 4 percent, which makes their total contribution at the 10 percent level, 6 percent from the energy tax, 4 percent from the in-lieu-of-tax transfers. Then take the water, waste water and storm water at a current 8.3 percent, of the same standard of 10 percent, and then, also, take the \$144,000 in contingency for the payment of the street lights and put that back in the power department. That raises about \$444,000 in additional revenue or reduction expense to the general fund that would lower the amount of the property tax increase from 40.9 percent down to approximately 30 percent.

Ms. Dunn asked Mr. Whetzel to put that in an e-mail breakdown that can be sent out to the Council members so they can take a look at all of that.

Mr. Whetzel - acknowledged the request.

Mayor Snarr verified with Mr. Whetzel that we wouldn't be meeting our projections in the power department as far as the \$500,000.

Mr. Whetzel - it depends on what the Council decides to take out of the Power Department budget. The \$300,000 that is already in there would be 4.5 percent and the additional one-half percent would be \$150,000. There is enough room in water, waster water and storm water to adjust that up to 10 percent without doing serious damage to the financial integrity of those entities.

Mr. Whetzel said they never spend as much in Central Valley as is budgeted.

Mayor Snarr is worried about that \$200,000.

Ms. Dunn said can we can take a look at that.

Ms. Griffiths asked Mr. Whetzel to run another breakdown that increases the power department by 5 percent in-lieu-of-tax-transfer and leaves the others at 8.3 percent. They are not subject to franchise taxes but she looks at them as apples and oranges. She asked Mr. Whetzel to show the Council what the results of that would be.

Ms. Dunn thinks they have looked at numbers and different percentages and 5 percent was one of them.

Mr. Whetzel said that won't have a serious impact, unless a lot of their miscellaneous costs are reduced.

Ms. Griffiths asked about Mr. Whetzel's retirement plans. Mr. Whetzel said that is up to the Mayor and said he would be available to help out in next years budget.

TREASURER

Mr. Whetzel said this is a status quo budget most of the costs are reimbursed by the enterprise fund so the net cost to the General Fund is \$1,600. Ron Koller as Treasurer was thanked for his performance.

CITY ATTORNEY

Frank Nakamura introduced Brian Bower, Prosecutor, Jenefer Francis, Office Manager, who handles their budget.

Mr. Whetzel said this is status quo budget and a slight increase from last year in the amount of \$5,000.

The **Prosecution** Budget - 74-10 - is status quo except for the equipment budget where they had \$17,000 budgeted and this coming year they have asked for hardware and software to enhance the computerized prosecution system which is using the system to maximize the efficiency of the police department, the prosecutor's office and the court.

Mr. Dredge asked if this will help shift employees by staffing up nuisance abatement?

Ms. Francis said they automatically get information from the court and police department that goes into the attorney's system. This project is with other cities in the area they can't do this system on their own so they are joining with the other cities to get further resources like the Highway Patrol or Driver License Division so that automatically comes into their system.

Mr. Nakamura -said it cuts down on the paperwork . Sandy City has taken the lead on this and he is happy with the changes they have made already it has been quite a savings in terms of work time.

Mr. Brower said it is certainly not where they want it to be yet but he thinks it will be a wonderful thing to have the ability to receive all that data in one place. With this system, when they have someone that they are processing they will be able to pull up information on that person from other Justice Courts, if they have been arrested somewhere else,

Mr. Nakamura said they have that information now but the problem is it all has to be done separately and this way it all happens through one program.

Ms. Griffiths asked if this is through the Court Administrator's office or if it is through another entity?

Mr. Brower said no, it is through his office, hopefully they will work with the court administrator's office, the Justice Court, a long with the Department of Public Safety, the State's Highway Patrol data, as well.

Ms. Griffiths clarified if that is through the State Court of Administrators.

Mr. Brower said, no, they are not involved. The company that has enhanced this is Brannon and they have done State Court Systems so it was just best for them to use those people. The cost is \$3,5000 which is amazing, given what they have done, thus far.

Ms. Griffiths supports anything that makes it easier and the process more efficient.

Mr. Dredge said in the project justification four out of five legal technicians are dedicated to handling the cases. With this efficiency, would it allow for additional resources if and when they pass their property maintenance ordinances. Would it take some of the burden of paperwork off when they handle these other cases, that may come up.

Mr. Nakamura said even in the Justice Courts, the case load has increased and continues to increase every year. If that was not increasing he would say, yes, but the case load in the Justice Court continues increasing and we anticipate that will still continue. The burdens on those (4) people will still be there and he thinks it is necessary to get it taken care of. He still sees a heavy work load.

Ms. Dunn asked Michael in the Justice Court for assurance that going to a night court would increase the efficiency.

Mr. Nakamura said they had a conference with the Court Administrator, Michael Williams, but first of all he has done an excellent job and he did give them those assurances.

Mr. Brower -said they appreciate Mike in lines of communication, he has been able to make some progress in the additional cooperative efforts between their office and the Courts. The Judge, before they had a Court Administrator, had talked about the possibility of night court and it has always been represented to them that the addition of this would be implemented in such a way that it wouldn't require additional prosecution resources and in their most recent meetings with Mike he confirmed that to them. Mr. Nakamura's understanding is that they will schedule things like small claims cases for the residents, businesses are probably, he suspects, the most appreciative of handling those cases in the evening hours. If they do handle criminal matters during the night court sessions they will schedule things like reviews and other types of hearings where it will not require a prosecutor to be present. They went further and asked, if you are going to do that, that will free up some additional calendar time during the week and during regular City business hours, are you going to expect the prosecutors to attend court. They were again assured that would not be the case. They currently go all day on Monday mornings and afternoons on Monday with a half day on Tuesday, all day on Wednesday, half a day on Thursday and all day on Friday.

Ms. Dunn said they are talking about, right now, scheduling out into September for court cases and obviously that is a long time to wait, we want to shorten that up. Her question is, back to the use of prosecutors, our prosecutor has to build the cases if we are taking the present load and shoving it all into a shorter time period, what does that do to him?

Mr. Brower said we are at a point that we have to hire someone.

Mr. Brass said when do you have to hire someone?

Mr. Brower said when you say, putting it into a shorter time period, he is not sure that they anticipate any shorter time period, they just don't want to extend it into a greater time period.

Ms. Dunn said what they are telling the Council is that instead of scheduling out to September, they will be scheduling out to July. If we are talking about the same number of cases in a shorter period of time.

Mr. Brower said they have not addressed that issue with the courts specifically in this regard. They have had discussions since he has been here about the number of cases that they were able to

handle on a given court calendar. He has expressed to the court that, for example, on a half day calendar that Monday morning or Friday morning, or whatever it is, if you are going to set the pre-trials and they get beyond fifty pre-trials in one half day that becomes a little bit too burdensome for the office, or for a prosecutor to handle. He has had as many as (95) in one half day.

Mr. Robertson asked if the prosecutor can do that many adequately?

Mr. Brower answered probably not, they do the best that they can. He thinks anything beyond (50) is very difficult. They are beyond (50) now they are probably in the 60-70 range. If they are talking about pushing that up that would cause the prosecutors some concerns just because that is too many people to try and talk to. It is too many people, if you start dividing the hours between 9:00 am when they take the bench and noon when they break for lunch and start splitting that out, the number of cases you are talking about each individual only having, perhaps, a minute or minute and one-half in front of the judge and then it becomes difficult to even accept a plea in that much time.

Ms. Dunn said there is a difference between hearing it as a judge and preparing the case as the prosecutor or what the detective has to do.

Mr. Nakamura said that is something they are very sensitive to. They have received mixed messages and this is why prior to today they had these meetings with the Court Administrator to reassure them. We are going to be watching these schedules. There has also been discussions regarding expanding the responsibilities of the hearing officers. They are working on that. He thinks again this where Micheal Williams has been very helpful and they are hoping to see that expanded as well. Maybe, that is a means of taking care of some of that case load. He thinks they are doing some things, but again, they cannot handle anymore increase without additional personnel. They have had these commitments made to them and they are working on these various things. They have had these commitments made to them by the Court Administrator and so they will just have to watch it, monitor it.

Mr. Brower said they are excited about expanding the role of the traffic hearing officer. He is a former traffic hearing officer with Salt Lake City as well as a retired peace officer and certainly comes at this with a variety of perspectives.

Mr. Nakamura said there have also been discussions about the drug court, that will require additional training and that is going to cause some disruption. They will have to send the prosecutors for a week to get additional training. That means Mr. Brower and others will have to cover the case load. They will work those out but he said - those two, the drug court and domestic violence court will require additional training for the prosecutors.

Ms. Dunn said obviously they have been through the Justice Court's Budget. That is in there budget. She said they do not see that in the Attorney's budget and asked if they are anticipating that will not be coming for a year or so.

Mr. Nakamura said, No, they are going to do it within their budget. He does not think the

court, from his understanding, the courts budget paying for all of the training.

Ms. Dunn said they are only paying for their own people. The only question is why isn't that in the Attorney's budget?

Mr. Nakamura turned that question to Mr. Whetzel who said they can cover that in non-departmental, if they have to.

Mr. Nakamura said they are sending people in July to Reno for training. This includes the court personnel.

Mr. Dredge recessed for lunch at 11:35 a.m.

Reconvened at 12:20 p.m.

POLICE OPERATIONS

Administration - Mr. Whetzel said regular activities he can say, off the top, that there are a couple of changes in there that increase the fuel cost. At the Chief's request they have disbanded liquor law enforcement, they put those two officers out in the public taking care of the public. They still take care of the accounting upstairs so they get their liquor law allotment from the State of Utah. The Mayor approved \$204,700 total.

Police requests - on the first page - is where the schools requested three officers. The Mayor said there is not money for the officers.

Ms. Dunn - put them on contingency.

Mr. Dredge said the Council is going to request that the schools participate in the payment of the officers if they want to keep them in the schools. Fifty percent of the (10) months they are in school.

Mayor Snarr asked if that was still being funded with that grant they received.

Chief Fondaco said that grant is over with. They have discussed this a couple of times and he has always been of the opinion that they needed to pay. He received an \$8,000 check from \$10,000 next year from Granite for the Cottonwood High School. Chief Fondaco said for the last two years the County got the check.

Ms. Dunn said just because we are planning this for discussion with Murray tonight, she thinks they need to request an audience with Granite, maybe the school board members from that area and Cottonwood High School Principal.

Mayor Snarr said if they are only going to give us \$10,000 that would be difficult to ask for

more than that from Murray School District.

Ms. Dunn said, no, she thinks that it is time to ask for 50 percent of the time they are in the schools.

Chief Fondaco - said Jordan School District has just made an offer to the Chiefs from Jordan District. They have plugged that in the budget. Chief Fondaco will get a copy of that paper for the Council but within (3) years they will be paying the total cost of the officers, 100 percent, for the (9) months they are in school. They have done that in (3) years, based on funding, so it was 50 percent this year it is supposed to go to 75 percent next year and 100 percent the third year.

Ms. Dunn said three and one-half years ago when she wrote the grant for Salt Lake City and she surveyed the areas around Murray. Murray and one other were the only ones not paying anything for their officers, there were only two in the Salt Lake Valley who were not paying anything for officers from the school district. She knows for a fact that Salt Lake City pays 50 percent for (10) months out of the year. The first year if they are hired on a grant the first year they split the cost of the equipment, as well.

Mayor Snarr knows what will happen, they will tell the tax payers.

Ms. Dunn said that is fine because it is true.

Chief Fondaco - if either of the officers left those schools he got complaints from the principals. Even when the Chief has to pull them for training or he pulls them to use them for an hour or two else where. That principal will be on the phone complaining to the Chief that officer is not in that school. They expect that officer in that school 100 percent of the time when that school is in session. The Chief is fielding those complaints from the principals. They would not let him leave to teach DARE at Christ Lutheran. Those schools are making demands on the police department.

Ms. Dunn said on top of that they are making demands of the department, as well and they are taking 56 percent of people's property taxes. The Council is out there telling the people that right now. There are expenses to do what they need to do and expenses to do what we need to do. They are separate entities and need to cover their own expenses.

Mr. Brass said they heard the comments on storm water, and the non-taxed entities paying for this? People need to hear that.

The Mayor said if we are going to do it, it should be across the board, no exceptions. Once you have one exemption everybody else wants to be the next. They were pleased to hear that the big contributors to the issue were paying.

Ms. Dunn said they were less worried about paying it themselves than they were about whether the others are paying it.

Mayor Snarr said a good point was made, the biggest contributor is the businesses.

Ms. Dunn said they made it very clear that the businesses are subsidizing the residential so don't go out there and blame the businesses for your problems because they are subsidizing you but the Council is trying to be as fair as they can. These businesses use a lot more and their costs are going to be higher than the citizens on storm water and those types of things. Businesses are subsidizing the home owners so be happy you have them..

Chief Fondaco said the detective case load, he took one out of patrol in 2005 and put a body into detectives to make it (10). Their case load is still 474 cases. You are going to get these complaints that people don't think their cases are being worked properly and they are not getting followup. When you are throwing this amount of burglaries and cases on these detectives he is going to get complaints.

Chief Fonda - every thing they do requires mandatory training and re-certification that is just killing them. After the complaints the Council heard at the meeting last night he met with the detective division this morning. He told them he will pull another body out of patrol and put another detective in there, funded or not they are going to get another detective. Understand, if he keeps pulling from patrol it will impact the response times that we are proud of.

Ms. Dunn said she would really like to review having more traffic people.

Chief Fondaco said those traffic complaints, the speeders in the neighborhood are not just on State Street they are in the neighborhoods.

Ms. Dunn said if we took the number of calls about speeding in neighborhoods and compared them to (5) years ago before they put those two extra bodies in there. There was no difference. People are going to complain about speeding. We can put (10) officers in traffic and people will still complain about speeding in their neighborhoods. It is not going to change that, it may change the number of dollars we bring into Justice Court but if we are hurting for number of officers. Our patrol officers could give traffic tickets and we know that. If we are hurting that much for putting an officer into detectives or putting an officer into training that is where she would argue it ought to come from.

Mr. Brass said how many officers do we have in the schools.

Chief Fondaco said three in Murray and one in Granite.

Mr. Dredge said that would give us the loan of two officers.

Ms. Dunn said if we hired new officers it would give it to us because they are going to come in at a lower rate.

Chief Fondaco -said what he was getting at is he is pulling in July depending on the Councils

funding of the leases for the narcotics division, two officers are coming out of patrol to do street narcotics in Murray. You have no one in Murray City right now doing street narcotics. He can't have that, he has to have a body. There are three blue shirts coming out of patrol.

Mr. Robertson asked how much patrol work is being done. Along with complaining about the burglaries they were also complaining about never seeing a car in this area.

Chief Fondaco said the cars are basically going call to call.

Ms. Dunn said we are talking about one person in one neighborhood who said they are not seeing patrol cars in the area. Ms. Dunn will not take that as an alarm.

Chief Fondaco assigned an officer to 4500 and 600 East, so they will see that car. He said they move the cars. They try to answer the complaints but he is not going to change the way they do business. They have to answer the calls and do what they need to do. He gave notice they are going to lose three blue shirts in July. It has to happen. He said there were (3) at DEA Metro he pulled two back and they are in patrol now but they are coming back out to do Murray narcotics. He wanted them to know those are the (3) he tried to keep it to a minimum. It has to happen and he has gotten rid of alcohol enforcement. They are trying to adjust but staffing is going to be a problem and he understands the budget but he wants the Council to understand because they hear complaints and every complaint when he comes to Council meeting is always the detectives haven't called.

The Chief said that can be fixed.

Mr. Dredge said if you are running 400 cases just keeping those up to date on their case load is time consuming.

Ms. Dunn said if she is called (4) times to be yelled at, she is not going to call back the fifth time. She is not going to blame her detective if they have already talked to them and told them where the case is.

Ms. Griffiths said, not with standing the complaints that the Council gets. Every week when she gets her report of offences in her district, she is just amazed at the number that are handled. The people who don't receive those statistics don't have a clue how many offences are handled by our police department.

Chief Fondaco - he has made it a priority in his administration to have a low response time. That has been his priority. He used to say to the previous Chief of Police that if he keeps pulling from the blue well, he keeps drawing from the patrol division to put people on all these different functions but the bottom line is you have to answer the calls. He refocused, trying to do it the other way but he can see it is not working he is going to have to pull some now. That is just the reality of coverage.

Mr. Dredge - said the people at the meeting all said response time was good.

Chief Fondaco - said now if we shift that focus, we may hear it the other way. Priority 1 or 2 is to get an officer to the scene. Response time.

Ms. Dunn said we are by no means in crisis here and in fact they are doing better than 90 percent of the police departments in this State in terms of response time Mistakes will be made especially if they don't know. She complimented the police department on a good job.

Chief Fondaco said you can't expect these people to handle 500 cases, these are class A and felonies and they are the only ones getting to them. So the major crimes, and we are throwing 500 cases at them, saying investigate them. Murray does not have full time crime scene detectives. Murray is the only city in Salt Lake County that does not have full time crime scene technicians. It has never been addressed in the budget because of man-power staffing issues but you need to know that Murray is behind. We do crime scene investigation with officers part-time.

Ms. Dunn said finger printing has a huge cost attached to it and it doesn't get results. Crime scene evidence collection by trained officers would be helpful.

Vehicles - requested by the Chief of Police.

7 patrol vehicles with their associated equipment,
6 detectives with associated equipment and
replacement of the motor cycles.

Ms. Dunn asked what our policy is for replacement of the vehicles.

Chief Fondaco said they actually go for between 6 and 7 years. Those that are being replaced with 2007 will be the 2000 /2001 models.

Ms. Dunn asked how many miles they have on them before they trade them in.

Chief Fondaco said around 70,000 miles. George in the motor pool monitors vehicles for maintenance and they try to get rid of one when it is out of service for repair repeatedly. All four of the motor cycles are on the rotation where they budget for one but get four new ones. They get about \$12,000 a piece when they are sold. They budget for one and they take the four used motorcycles back and Murray gets four new ones.

Other equipment funded by the Mayor is on the summary page in the budget.

Mr. Whetzel said what the Mayor has approved in his budget in patrol - lap top computers on a (3) year rotation so \$35,000 to cover laptop replacement. Records/software maintenance has increased. Originally requested \$17,000

Chief Fondaco said there was \$7,000 in VECC for software maintenance for the mobile systems in the cars. He pulled that money back and they bought Spillman mobile. There was no

increase in VECC but the price keeps going up, he asked for a \$7,000 transfer that was already in the budget they are just transferring it out. Pin mapping, crime scene, they put digital cameras in the police cars so there was new hardware and software licensing and upgrades they had to budget for that. They put all of that in one account.

Ms. Griffiths recently heard complaints from people about VECC not even knowing where Murray was located when they called in for assistance.

Ms. Dunn has also had issues like this and she will sit down and talk to the Director of VECC who wants to have a good working relationship with Murray.

Ms. Dunn said the one thing she loves about Salt Lake City having their own dispatch, people know and something Murray has been proud of is people know when they call Murray they can talk with the Mayor they can talk to the City Council. When they call VECC they can't talk to anybody. Even as a Council member the day that Gary Merrill was to make a speech and the power went out and he didn't show up. Ms. Dunn called VECC and identified herself as a City Council Member and they couldn't even tell her even where they had dispatched the trucks. She considers that a problem. When you call from your City you should be able to ask how to get in touch with the Mayor, the Police Chief or whatever. When VECC assigns people to Murray they should know those things. Combining agencies, she hears over and over, we are sold as Metro Police, and Metro Fire and Unified and all of that. The big sales pitch from VECC is economy of scale and we are not seeing that anywhere.

Mr. Whetzel - explained the following items.

Desk Top Replacement - \$5,000, The manufacturer only covers them for (x) numbers of years so you have to rotate them out.

Vest Replacement \$5,000 The manufacturer only guarantees them for (x) number of years. They have to rotate them out so all the officers have certified vests in their possession.

Hand gun replacement - is on a five year rotation for \$5,000.

Fire Arm Supplies - \$20,000. To accommodate the volume of people going through the fire training facility, they bumped that budget up by \$20,000 a year and that will probably be an on-going cost.

Replacement of a Digital Copier - \$6,200.

Training Floor Resurfacing. - \$20,000 This floor is twenty years old and needs replacement.

Traffic Enforcement - \$12,000 - to keep those units up graded.

Radar Replacement Units - \$7,500.

Items 16 through 19 - are all grants we get from the State or from the Federal Government and those are automatically in the on-going type of things. We do have a revenue portion that takes care of those particular expenses.

Ms. Dunn said they are going down and we have to cover that with our own money. She

asked where are we on tazers. Chief Fondaco said the entire patrol division has a tazer and they have been trained. The detectives don't, but everyone in uniform has a tazer. Chief Fondaco, reminded the Council they can schedule through Shannon Jacobs video training for the life flyer and the lazer.

Mr. Dredge said the major issues have been put on contingency and they should have an interesting meeting tonight.

Mayor Snarr expressed concern about the School Board and the proposed cost to the Districts. He said he may excuse himself from the meeting tonight. After the meeting everyone will be over to talk with him or calling him.

Chief Fondaco said when you think about it they have got a great service from the police department for many years for free and all you are asking is that pay some of it. The Chief explained the cost and coverage burden to his department. He cannot move the officers for an hour without the schools complaining to him even when they are sick.

Mr. Brass said if they think they own them they should be paying for them.

Ms. Dunn added that the Salt Lake City School District does and that is in the beginning, they required their officers to take all vacation time during the summer. In Salt Lake City now the school district still pays for half but they allow them to take half of their vacation time during the school year and half during the summer.

Chief Fondaco said then they take pretty much the whole summer off between training and vacation.

Mr. Robertson said do they replace the officer, when he is on vacation, with another officer that the Chief has to take from another assignment.

Chief Fondaco said we don't tell our officers they can't do it but they say they would appreciate it if they try not to take any time off during the school year. If they really need vacation, it is a benefit and he can't say no you can't have it but they do discourage it.

Mr. Dredge said it seems that the kids are off three times as much as when he was a kid and asked what the officers are doing on those days off.

Chief Fondaco said if it is just one or two days, then they are at the school but if it is a week they re-assigned here to do something. Unless they say for some reason the officer needs to be at the school. The problem is that school is still open and they are doing follow-up because the officers handle their own cases all the way through. They are still doing that and plus if the doors are open the schools want the officers in there.

Ms. Dunn said one of the other studies she did when she was looking at it is the number of

cases per officer, the patrol versus a resource officer. She found that the resource officers have ten times more cases per day. It does make sense for us to have them in the schools, it makes a lot of sense but it is a huge benefit to the school. We could say, there are a lot of businesses where the police get called to. She just looks at her crime statistics and we could post somebody at the gas station on 900 East and 6400 South for the number of calls that are in there but we can't do that and so it is huge benefit the school that we have them there.

Chief Fondaco taking them out is not an option.

Ms. Dunn said she thinks they absolutely can take them out. The police department can answer calls there as fast as anywhere else from their patrol car.

Mayor Snarr said he knows that but the fact that the officer in the school is a deterrent to crime and the fact that they are there during the day is important to consider, as well.

Ms. Dunn said then they ought to pay for it.

Mayor Snarr said his philosophical feeling is more accountability directly related to the services Murray provides but at the same time it all comes out of everybody's back pocket.

Ms. Dunn said they take 60 percent of their budget out of those tax payers pocket.

Ms. Griffiths said that people attribute the cost of taxes to the Council.

Mayor Snarr knows that now he will have the school teachers calling him, as well.

Ms. Dunn - the Council will get the calls too. The point is, we all get them, if it is coming from the same pocket, fine but we have different businesses and we have less money to deal with ours.

Chief Fondaco said this can't be the only school district not paying something for protection.

Ms. Dunn said it is just not right. Ms. Dunn asked the Finance Director, for the cost of salaries alone. What do we pay an officer for ten of the twelve months in a school year?

Chief Fondaco said Officer Hubert's total cost would be \$85,270.

Ms. Dunn restated: We charge 50 percent of ten months of an entry level officer. Unless we hire on a grant and then they charge half of their equipment as well.

Chief Fondaco said they can't be the only school getting that service for free. They have to see the writing on the wall.

Mr. Brass said if they had called for a vote from those people last night and said the reason we don't have it is because we have free cops, they would never have made it out of there alive.

Chief Fondaco said you can't get free police service any longer.

Ms. Dunn said they are still getting a great deal, they are getting a seasoned officer in every single school. They do not get an entry level officer.

Mr. Whetzel said it should be incremental and go up 5-6 percent every single year so they recover the cost at least.

Chief Fondaco said the schools never get a brand new officer.

Chief Fondaco said this is the leanest budget he has ever submitted.

ECONOMIC DEVELOPMENT/REDEVELOPMENT

R D A - Keith Snarr - Mr. Whetzel said the RDA Budget is status quo. Keith Snarr is in this budget. The major items they look at they have.

73-10 Improvements - \$286,000 those are whatever improvements will be approved by the Board either in the Central Business District Area or lent out for the Fireclay Project and Murray School District gets their haircut money back, which this year is \$175,000 and the check was sent last week. That budget is status quo.

Ms. Dunn said what about their car allowance.

Mr. Whetzel said that is Mr. Snarr's **car allowance** was previously taken from the Economic Development Budget now it comes from the RDA. Keith is the RDA Director and they transferred all of his labor costs and car allowance to the RDA and left Mr. Yost in the Economic Development Budget. That is why you see a big change from prior years. Professional Services are \$820.00.

Mr. Snarr said we are anticipating \$120,000 request for the CDB which balances with the professional services which is \$820.00.

Mr. Whetzel will make that adjustment. That will basically come out of improvements.

Fireclay Avenue Area - Mr. Whetzel said in the Fireclay Avenue area they have the office supplies - professional services - as needed. Mr. Snarr is working on a master architect to handle that. That is where the professional services will be used.

Mr. Whetzel said next is the **Community Development** budget per se' The only thing they have in there is the Community Development assistant and in those costs is the Chamber of Commerce's \$26,000. That is a status quo budget.

Ms. Griffiths said regarding the Chamber of Commerce what dues do they charge other entities. This is a contract they have had for twenty years. The other entities are paying a fixed amount for membership we are paying this amount that is to be used for their advertising budget to new people coming into town.

Mr. Snarr said what ever the market will bear. They may have some other fees that are paid. He does not know.

Mr. Dredge said it would be interesting to know what Murray is getting for that money.

Ms. Griffiths said how do we benefit from the Chamber of Commerce? She would feel better about it is they collaborated on a project or something and we knew exactly where the money goes.

Mr. Snarr said a year or so ago, Scott Baker, Chamber of Commerce Executive Director, gave the Council a briefing of what they did, a written report. He is prepared to do that again. He works on the business retention and expansion for the local businesses.

Ms. Dunn - made an argument for him because when she came on the Council she felt like our money was wasted there. In the last few years she feels the Chamber has done a really good job. We talk all the time about keeping businesses in Murray City. That is what they are trying to do is keep businesses in Murray City. She thinks they do a pretty good job of working with these other businesses. She knows they have increased their membership which is great for them but it is also great for Murray. Keeping businesses in Murray City is a huge benefit to Murray. The other thing they have done a really good job of is keeping the businesses informed on what the City is doing and one of Murray's biggest allies in talking about educating the people in this City about taxes and where that goes and what is happening with it. They have been one of Murray's biggest allies. She has spoken at "Eggs & Issues" and other places with the Chamber. These people are not throwing eggs at Murray City for what the Council is doing. They are saying, wow, we understand and what can we do to help. That is the best thing Murray can put their money into is people that are involved and know and go out and tell other people.

Mr. Brass said we stand up at any of the meetings sponsored by "Eggs & Issues" and say this is what is going on with the Legislature and that day e-mails go out from the Chamber to "The Hill" to say we are very concerned about this.

Ms. Dunn said Tim Cosgrove Legislator, told Ms. Dunn he has received so many of the business community contacting him about what is happening with Senate Bill # 35 and Senate Bill # 170 and that came as a direct result of the Chamber of Commerce and their members.

Mr. Snarr said they do a lot with the small businesses. There is a lot done in seminars with resources and linking people up in that way, accounting, taxes or how to net work.

Ms. Dunn encouraged Council members to attend some of the Chamber's activities to see what they are doing. She has been impressed in lots of ways.

Mr. Brass said it is far more than ribbon cuttings and golf. As a business, he had joined the Chamber years ago and did not renew his membership because he was not the least bit satisfied. Having attended their functions and their events recently we have businesses who sign up for the Chamber because they are impressed with the amount of information they get at these meetings. Good information to be dealing with State issues and taxes and government regulations, not to mention the day to day operations and they do concentrate on looking after Murray's small businesses and keeping them in Murray.

Ms. Griffiths said that is a good function. She is not denigrating their value, she sees us as separate.

Mr. Snarr said we are separate entities but he thinks this relationship reflects good results. They are in the process now of updating their business guide for the next two years it will be a great publication with UTOPIA coming on line they will have e-mail addresses of various web sites for businesses in the City and members of the Chamber.

Ms. Dunn said Mr. Robertson is doing this Sister City thing and the Chamber stepped right up. They were asked to buy two tables and they stepped right up and said we will take a table for you. They paid for one of those tables and said how many seats do we have at that table. Not, we are going to take the whole table but can we have a few seats at that table for others.

Mr. Snarr considers it a good relationship and a good partnership with the City.

Ms. Griffiths said her question is the same on EDCU, what direct benefit do we derive?

Mr. Snarr said that is a little questionable because they are running out of industrial land. They get a lot of partnering on different things, for example, the ICSC show they have a booth down there. They help organize that event to make it worthwhile in terms of, the cities, retail businesses. They are always sending out requests for sites for industrial kinds of things the ones we get response to are for office complexes, call centers and like. If it gets to be 100 thousand square feet of warehouse on twenty acres, Murray is just out of that kind of property but we get the benefits from that because it is promoted and it comes in as maybe a city next door and we get the spin off that comes from that. They were at the Bio-Tech show last week and that should prove some benefit to us because of the people who attended that showcase. It has been a good relationship and he hopes they can continue with that.

Right now, they are working with Murray on Karmen Kitchens to find some expansion space and they are probably going to expand out of Murray because they are growing so fast. They will still keep something back at the plant here.

Hunter-Douglas is another who has outgrown their space and having to move on. The EDCU has taken over, basically, the economic functions the State of Utah has had in the past. They cleaned house over there and let about thirty people go. They passed the baton over to the EDCU so they are doing all the outside recruitment plus a lot of other things in terms of research and attraction to a

number of firms. They advertise grants. They have been a good partner and it is working well for Murray.

The Economic Development Fund - they have received no applications this year for economic development funds.

Mr. Snarr has had a request from the Murray Theater for more money for some of the renovating they are doing, in the past their predecessors have received some money for help over there through the RDA and have also had a request that was passed on to the Mayor and will be passed on to the Council for some help on a study for a trolley service or street car from Taylorsville over to the hub at Murray, the College over there. There is probably some value in taking a look at that. He told the Mayor it would be \$15,000 and he told Don Evans in Taylorsville and he said it will cost \$40,000 so he is not sure what that is going to be but they will be hitting Murray up for some participation. That might be something to throw on the contingency list to discuss.

Mr. Snarr said the other thing he can see maybe happening down the road with the changes in the RDA formula and the new Trax opening up which is the commercial development part of that and we should probably be briefed on how that works. He will have Randy Sant come and speak to the Mayor's Task Force on Economic Development on the fourth of May. That may give Murray the opportunity to use some of the sales tax increment that is on these commercial areas. That is something that Johansen-Thackery has already asked about the Fireclay area between State & Main. It may also provide some help if we see something happening with Lilenquist on the piece North of 6100 and Fashion Place Mall. Those are things we need to look at down the road.

Ms. Dunn feels it would be a good idea to have a briefing on just how that would work. Some of us were pretty involved as the whole process went into place and understand that pretty well but could still stand to learn some more. Others of us know very little about it and could learn a whole lot more. She would be very interested in having that kind of a presentation either in Committee of the Whole or in a joint meeting with someone else.

Mr. Snarr said it probably belongs in the RDA and would suggest they do that after they get their consultant on board to be on the same page with them. They may have application beyond Fireclay but he thinks it would be well to be briefed down the road.

M I S

Mr. Whetzel - The major changes in the MIS budget he pointed out are line Item # 21-50 - **Equipment Maintenance** is up \$42,000 from the prior year roughly. Basically what they have there is the telephone system that was put in approximately a year ago that was on a one-year warranty. The \$42,000 extraordinary increase was due to putting the telephone system under a maintenance agreement with Qwest. The rest of the entries are just normal increase in the equal maintenance costs. They go on a cost basis almost every year. The maintenance agreement on the old system was \$60,000 a year.

Line Item # 21-80 - Telephone - Ms. Dunn - said she knows this is very complicated and there is an answer to it but very confusing in here on equipment maintenance versus the increase in phones versus some of the departments way up in their cost of phone and some way down in their cost of phones. You read the explanations on phones saying some of those costs have been shifted to MIS. How was that determined?

Mr. Whetzel pointed out the new costs for the maintenance agreement and the new allocation. All of these costs in his department came to him in late April, too late in the time frame to get it changed in the budget. They probably have too much money in telephone in some of the other departments and that is probably the main reason on the telephone end of things. The equipment maintenance is a line item which they lump in all equipment maintained and paid by MIS, the computers, the hard drives, the telephone system - anything they have got over there.

Ms. Dunn said one is showing telephone usage and another is showing telephone maintenance. Mr. Whetzel said that is correct.

Mr. Larsen said the telephone also includes their cell phones. Each individual gets charges against their telephone budget. City Council gets charged against their telephone budget.

In the past, when a telephone line item came into finance Mr. Whetzel would allocate them around to the different funds and departments. They discussed that and he said he wanted that all in one place so it shows. That is why some of these increases occurred.

Ms. Dunn - it is very confusing.

Mr. Whetzel - the cell phone usage has continued to increase dramatically over the years and he thinks that is why the police and fire and some other areas have increased. Line Item - # 99-99 that is reimbursement they are getting from other funds is \$982,000 which is over \$100,000 over last year because those increased costs for telephone maintenance. On the telephone end with unlimited access being distributed to the other departments through this direct re-allocation rather than Mr. Whetzel seeing an invoice and allocating extra power, extra water extra general fund.

Ms. Dunn said she has a question on the cell phones, you have a plan that has (x) number of minutes on the plan and with a lot of the services, the calls don't count against your minutes to other phones on the system. Do we have that here.

Mr. Larsen said if you are on the same carrier and the police department is then that would occur. In public services he is not sure. In MIS they are all on the same carrier. All of the carriers that they are on, either Nextel, Cingular, Verizon, we are all getting the state rates. If you call Western States Contract we are getting either those rates which are the best rates or we are getting better rates than that on some of the plans. Everyone wants the plan they can best use.

Ms. Dunn - It seems the costs should stay a little lower if they are all on the same one because most of your calls are to people on the job or the people you are working with.

Mr. Whetzel said you still have the base cost there of (x) dollars a month. The cost should not be going up every year.

Ms. Dunn said most businesses now have gone to when you have a problem with your computer, and are in a remote location, you can log on and get remote repair. Can Murray do that?

Mr. Larsen said we can do that from City Hall with other locations. We use it all the time. He said we are working on that from other remote locations, for example, weekends when people have problems we can get directly into the system.

Ms. Dunn asked, can our employees log on to their system from home?

Mr. Whetzel said a few.

Mr. Larsen said before we do that we look for a virus and scan, for a fire wall. They are required to have a fire wall. There are some things that have to be set up so we don't get bugs in the system

Mr. Whetzel - **Equipment** - The Mayor has approved the following equipment for this coming year:

(3) Server replacement for	\$20,000
Power over ethernet switches	\$ 8,000
GIS aerial photography (3) years old	\$21,000
Filters	\$11,000
GIS Internet Server	\$ 6,000
Disk for all Systems	\$25,000
(5) PCs for MIS	\$10,000
Replace GIS Em Laptop	\$ 2,900
GIS application dev.	\$10,000
Hewlett Packard Printer	\$ 4,000
GIS Work station	\$ 3,400
Netware Upgrades	\$ 8,000

Mr. Whetzel said that is about \$128,000 down from \$200,000 from last year.

Ms. Dunn said this applies to almost every department, what determines, first of all, what determines, on the servers, is how old before we are trying to replace them and what do we use as a determination for whether they're reliable any more?

Mr. Larsen explained a couple of things 1) is the age and the ability to keep them up-graded and operating efficiently and that is some where between 3 - 5 years, generally. If they operate or continue to operate okay or doing the job they let them continue.

Ms. Dunn said it is based on whether they are performing or not.

Mr. Larsen said or the quality of the usage, for example, parks & recreation has had a lot of growth on their systems and GIS systems as well and they are going to develop some internet applications so they can put GIS on their web site, as well, so people can do something with their location and other information but that is basically, if they are wearing out and they can replace parts like the disc that is fine, but if they are getting to be too slow, not doing the job, in enough time, there are a lot of things we look at.

Mr. Larsen said, on the three servers, Computer Associates secures content which is the filter on the e-mail traffic.

Ms. Dunn said what you are saying is that those have become unreliable at this point.

Mr. Larsen said, yes, and too slow to do the job with the volume of traffic through there.

Mr. Dredge asked what is your replacement policy for your PCs, he noted, that the whole department was getting new PCs at the same time.

Mr. Larsen said there are five of them. These are about four years old and one of them is for the person who does our web development and he needs a more powerful PC and the other PCs we are going to recycle and put out to other people in other departments.

That is generally the cycle, if we can't work on the latest operating system on those PCs then we are not able to do our job because that is a requirement for the things they do. He is not getting a new PC, he thinks it is the (3) programmers and (2) of the people who work on the network.

Ms. Jacobs said what are we doing with web development, please explain that.

Mr. Larsen explained currently they are doing some development for building inspectors and web based developments so people can inquire as to the status of permits. Roy Wall is also working with people who redo the home page, web site, along with Jan Wells and Melissa. He does a lot of work that way. A lot of the web work that he does is for internal use. Internal forms and things they put on the internet and he also works on the external web page to do things with it, as well. He did the utility billing project a couple of years ago so they could pay on-line utility bills.

Ms. Jacobs asked what is coming down in the future, especially the building inspections and being able to check on permits.

Ms. Dunn said on the disk storage is that an on-going costs, as it appears over the next five years to increase the storage capacity. Is one full cost allocated over five years.

Mr. Larsen, No, this is one cost for this year. One of the things they are trying to do is consolidate a lot of storage. The servers, each one comes in with their own storage, you have to

manage those separately. They are trying to get that into a pool to use it more efficiently instead of having to back up ten systems, just back up one. When they put that in they will use the same concept as a storage area network so that all servers use that.

Ms. Dunn asked if the cost of that is one lump sum that is being allocated out over those years?

Mr. Larsen said normally they have spent about \$10,000 to \$15,000 every year on the disk. This year they are asking \$25,000 to get that storage area network in place.

Ms. Dunn asked if you anticipate that cost will be relatively the same over years with a little bit of increase.

Mr. Larsen said, No, but it is approximately that, every year, for all of the systems whether it is the police system or court system or parks & recreation, utility billing or whatever.

CITY COUNCIL

Mr. Whetzel said this is a status quo budget.

Ms. Jacobs said they need new chairs in the chambers they do not sit up high enough.

Mr. Whetzel said those chairs are almost (20) years old, too.

Ms. Griffiths said we need new chairs.

Mr. Whetzel said, let him know the costs and he will charge it in non-departmental.

Ms. Jacobs said if it is okay she volunteered to work with Brent Davidson in purchasing. When they start getting some prices then they will include the Council in the selection process.

Ms. Jacobs said the only change in this budget was telephone which was lowered.

Ms. Dunn said the budget is fully allocated.

Adjournment:

Budget Chairman Dredge thanked everyone for their participation and adjourned the meeting at 1:40 p.m.

Carole W. Lee
Administrative Secretary

